

Tuesday, July 26, 2022

Dear Judge Glenn,

I would like to start off with thanking you for taking the time out to read my letter. I have broken up my what I am wanting to say into categories in hopes to make it easier to read and understand what I am trying to portray.

**Investing and Due Diligence:**

Some of the Investors who invested with Celsius are the private-equity firms WestCap and the Canadian public-pension giant CDPQ which is one of the largest Pension Funds located in Montreal, Quebec Canada. CDPQ is valued at over \$420 Billion dollars and has been in operation since 1965.

Seeing that companies of this magnitude invested with Celsius gave me the indication that Celsius is a good safe investment. I say this because these companies went through an extensive due diligence process to ensure that Celsius's books are what they claim them to be and that their business model is sound in order to ensure that they would be given a greater and better return than investing elsewhere and the risk level would be extremely low as per what was being preached by Celsius. These investors had access to company records, reports, balance sheets...that the average customer like myself would never have access to. Upon completion of their due diligence process CDPQ invested \$150 Million dollars with Celsius which would be a good indication that Celsius is what it claims to have been or so they mislead everyone to believe. Alex Mashinsky did an interview with CNBC on April 13, 2022 where he mentioned that they just finished a \$750 million dollar round of funding and how Celsius is fully transparent. These investors went through a thorough due diligence process and everything is what Celsius claims it to be.

I would like to provide you with an example of how some large Investors perform their due diligence process. There are a few Real Estate Moguls that I follow on Youtube by the names of Grant Cardone and Ben Mallah. Grant Cardone has a Real Estate portfolios worth about \$3 Billion and Ben Mallah's is around \$250 million dollars. When Grant or Ben are looking to acquire Real Estate properties their "Modo" is that they let the banks do their due diligence process for them. The reason for this is because the banks lend on the properties value and if the bank thinks that the property that they want to acquire is not a good deal they will either reject the deal or ask for a greater than down payment than their average 20%. In cases like this they take that as the property not being a good deal and walk away from it. In their opinion there is no need for them to do their due diligence because the bank does it for them when assessing the deal. The banks are not in the lending game to lose money so if the bank is willing to loan on the deal then it's a good deal if not then you walk away from it.

This is how I valued Celsius. I looked at who was invested and did some research on those companies. I was more interested in CDPQ because I am from Canada and if a Canadian company is investing \$150 Million dollars into Celsius then I would look at that as a safe investment from the standpoint of it not being risky and with the laws in Canada that Celsius would be a regulatory company based on Canadian standards. If this was not the case then such a large Pension Firm like CDPQ would have not invested. Like Grant Cardone and Ben Mallah's model, if the "banks", in this case CDPQ and WestCap, did their due diligence and invested then in my opinion it is a good safe investment for me to invest.

How I came about to investing into Celsius over traditional investing options. I have a 22 month old daughter, my first born child, and with the money we received from her first birthday, Christmas, Easter and other holidays we had it sitting in a bank account and decided that instead of having it sit gaining 0% interest we should invest it for her schooling so when the time comes she has enough to afford it. We had appointments with a few banks and other fund managers on different types of investments we could put it in like government funding programs and so on and the rate that we would receive. Now some of these investments had restrictions on when the money could be taken out and for what purposes and any penalties that went along with that. I then came across Celsius and as I mentioned above seen it as a great investment and a much better one with no penalties for early withdrawal or restrictions on what the money could be used for. So based on my overall assessment of Celsius we decided to invest her money not knowing that we were being drawn into a "Ponzi" scheme if I can use that term. I am torn because the amount of money that I have invested is not something I can recoup back from working and saving especially with the economic situation we are all facing right now.

**Manipulation & Deceit:**

Along side CDPQ and WestCap there are other large companies and people who have invested 7 and 8 figures into Celsius. One thing everyone has in common is that they seen Celsius as a Low Risk Investment which is what Celsius claimed to be. There are many AMA's which Celsius has held every week claiming and confirming that Celsius is a Low Risk Investment, that they guarantee no one has or will lose their money with Celsius where they would be at risk with keeping their money in the banks. All of the promises and guarantees Alex Mashinsky made were all on Youtube as part of Celsius's weekly AMA's but as of the time I am writing this they have been taken down. Apparently there are people who have downloaded and saved them and are able to offer them to the courts and law enforcement. On Twitter there is someone by the name of "cryptohunter0x" who has done a montage of videos where Celsius, Alex Mashinsky, has over and over again made promises and guarantees at how peoples money is safer than in the banks and no one will ever lose their money with Celsius. He even made the statement that if Celsius was ever in a state where they could not make people's withdrawals whole that Celsius would put up their own money to do so.

I encourage you to watch these Montage's to get an understanding of how people were mislead and taken advantage of by the Celsius network and by Alex Mashinsky's claims.

I would like the Courts to also bring this attention to the DOJ and appropriate Law Enforcement so that they could investigate at how Celsius and Alex Mashinsky were manipulating people and running a Ponzi scheme. Two(2) former employees of Celsius have come out in the news stating at how ruthless the company was being run and how they used people's money and put them into very high risk investments. They also stated at how Celsius already knew of the hole in their balance sheet and were still trying to offer incentives for new Depositors to come into Celsius when they knew they were on the verge of Bankruptcy. They were also ensuring Depositors and others that Celsius was in a good state of affairs and that there is nothing to worry about when they knew the company was currently in shambles.

I believe that this whole scenario should be looked at by Law enforcement because there is a lot more going on here than a Bankruptcy issue. Alex Mashinsky is being portrayed as Bernie Madoff with how he has acted in many ways as Bernie did towards taking peoples life savings.

**Operating Costs & Expenses:**

The other issue is that Celsius should not be given the amount of money they are claiming to be needed to operate. This money should be looked at closely by Bankruptcy Trustee's to ensure that the money needed is for normal operation of a day to day business. Is Celsius using this money for travel purposes and if so how are they travelling? Is it by a Private Jet when they should be flying Economy like everyone else does? Are they using it dine at fancy restaurants using the excuse to wine and dine potential investors? Are they using it for \$400/night accommodations at fancy hotels when they should be staying at a regular hotel?

How is \$30 million dollars per month being used? With a company of a few hundred people at the time of writing this I do not understand how they are allocating \$30 million dollars towards the business when they are in Bankruptcy and are in a state where they should be cutting back on costs significantly. This is something that is urgently needed to look into.

I hope that this letter can have some sort of impact on how this Bankruptcy is being carried out and I truly hope that alongside with it there will be a criminal investigation to look deep into what has taken place and I encourage you to bring this to the appropriate parties' attention so that they can do so.

Thank you for taking the time to read my letter and thank you for your service.

Sincerely,

Franco Serratore